

DEPARTMENT OF HEALTH SERVICES

700 P STREET

SACRAMENTO, CA 95814

445-1912



July 6, 1981

To: All County Welfare Directors

Letter No. 81-28

SHARE-OF-COST DETERMINATIONS FOR MFBUS WHICH INCLUDE A PERSON IN LONG-TERM CARE (LTC)

AB 251, which contains several major Medi-Cal program changes, some of which impact eligibility and share-of-cost determinations, has been signed by the Governor and therefore becomes law immediately. We are currently preparing for distribution an All County Welfare Directors Letter explaining all of the Medi-Cal provisions contained in AB 251.

One of the eligibility changes, which is effective July 1, 1981, is that for all MFBUS which include a person in LTC, the income deductions used to determine net income (other than allocations, health insurance premiums and the ABD-MN special income deduction) must be added back into the total share-of-cost amount.

Since the savings to be derived from this change are reflected in the 1981/82 Budget, immediate implementation is necessary. This letter provides you the authorization and details necessary for implementation.

Implementation Schedule

- a. Intake: The provisions of this letter must be applied to all cases, which include an LTC person, as soon as possible but no later than any approval action occurring on or after August 1981. The provisions should only be applied to share-of-cost determinations for July and continuing months of eligibility.
- b. Continuing: Although we realize eligibility staff have only recently completed implementation of the Title II increases for these cases, we were unable to anticipate this new change. Continuing cases must be converted as quickly as possible with the change reflected in all cases by October 1981 month of eligibility. No retroactive computations are required.

Authorization

Attached (Attachment I) is a copy of the regulation we are filing on an emergency basis to implement this change. Since the regulation will not be effective by July 1, 1981, we will be operating directly from the statute in the interim. The Notice of Action advising persons of their increased share of cost should cite as the authority for the action: "Welfare and Institutions Code, Section 14005.9 as amended by AB 251, Chapter 102, Statutes of 1981". Since this adverse action is due to a change in state law, affected persons will not be entitled to a state

July 6, 1981

hearing. We have prepared the attached stuffer (Attachment II) to be included with the Notices of Action. We will send each county a supply shortly. Counties also have the option of creating their own supplemental notice.

It should be noted that the explanation on the Notice of Action for the increased share of cost should also include a statement that the change is required by a change in state law. Suggested wording is included as Attachment III.

Share-of-Cost Computation

Until such time as we can revise the MC 176M to incorporate this change, column 3, line 18, underpayment adjustment can be modified to add the income deductions to the share of cost. If an individual case is receiving an underpayment adjustment, the county use box can be used to add in the income deductions. The deductions to be added back into the share of cost are all of the deductions listed in column I and/or II. Normally this will be only the "\$20 any income" deduction. Examples of each method are included as Attachment IV.

The reason that this change requires a two-step process, first allowing the income deductions, then adding the amounts back in to the final share of cost, is to settle a long standing federal compliance issue. The federal Medicaid regulations are written in such a fashion as to require this two step process, even though for states, like California, which have a Medically Needy program, the process is moot.

Anticipated Fiscal Impact

Once this change is fully implemented the total annual program savings are estimated to be \$16,392,000 (\$8,196,000 General Fund).

Administrative Cost Funding

The Department will determine the adequacy of administrative funds appropriated for AB 251 implementation in the FY-1981/82 Budget, and, if necessary, seek additional funding from the Legislature.

If you have any questions regarding this letter contact your Medi-Cal Program Consultant.

Sincerely,

Original signed by

Madalyn M. Martinez, Chief
Medi-Cal Eligibility Branch

Attachments

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants
Prepaid Health Plans Branch
Expiration Date: January 31, 1982

50653 -1

50653. Determination of Share of Cost. (a) The share of cost covers a one month period and is determined as follows:

(1) For MFBUs which do not include a person in LTC:

(A) (4) Determine the net nonexempt income available to the members of the MFBU.

(B) (2) Round the total net nonexempt income determined in (A) (4) to the nearest dollar, with amounts ending in 50 cents or more rounded to the next highest dollar.

(C) (3) Determine the appropriate maintenance need for the MFBU in accordance with Section 506043.

(D) (4) Subtract the maintenance need from the rounded net nonexempt income. The remainder, if any, is the share of cost.

(2) For MFBUs which include a person in LTC:

(A) Determine the net nonexempt income available to the MFBU.

(B) Round the total net nonexempt income determined in (A) to the nearest dollar, with amounts ending in 50 cents or more rounded to the next higher dollar.

(C) Determine the appropriate maintenance need in accordance with Section 50601.

(D) Subtract the amount determined in (C) from the amount determined in (B).

(E) Add to the amount determined in (D) any amounts previously deducted in accordance with Sections 50547 through 50554. This amount, if any, is the share of cost.

(b) The share of cost shall be determined:

(1) At the time of application, reapplication or restoration.

(2) When there is a change in income, family composition or any other factor which affects the share of cost.

Note: Authority cited: Sections 10725 and 14124.5, Welfare and Institutions Code.

Reference: Section 14005.9, Welfare and Institutions Code.

DRAFT

**MEDI-CAL
AVISO DE ACCION
CAMBIO EN PARTE DEL COSTO PARA PERSONAS EN CUIDADO A LARGO PLAZO**

En el reverso de este Aviso, se le comunica que Ud. tiene derecho a una audiencia estatal. Esta información ya no es correcta debido a que la Legislatura recientemente rectificó la ley del Estado en el sentido que las AUDIENCIAS ESTATALES NO SERAN DISPONIBLES CUANDO LAS PARTES DEL COSTO SON INCREMENTADAS POR LEY ESTATAL. Por lo tanto, si la única razón para solicitar una audiencia estatal se refiere al cambio en su parte del costo debido a la eliminación de sus \$20 deducidos de sus ingresos, entonces Ud. no tiene derecho a una audiencia estatal. Este cambio se basa en el Código de Bienestar e Instituciones, Sección 10950.

Si por alguna otra razón, Ud. cree que el condado incorrectamente determinó su parte del costo, Ud. puede solicitar una audiencia estatal dentro de los 90 días de la fecha efectiva de la acción. Usted puede recibir ayuda pendiente de pago si Ud. solicita una audiencia dentro de los 10 días de la fecha de este Aviso de Acción.

**MEDI-CAL
NOTICE OF ACTION
CHANGE IN SHARE OF COST FOR PERSONS IN LONG-TERM CARE**

On the back of this Notice, you are told that you have a right to a state hearing. This information is no longer correct because the Legislature recently amended the state law so that STATE HEARINGS WILL NOT BE AVAILABLE WHEN SHARES OF COST ARE INCREASED BY STATE LAW. Therefore, if the only reason for requesting a state hearing concerns the change in your share of cost due to the elimination of your \$20 income deduction, you are not entitled to a state hearing. This change is based on Welfare and Institutions Code, Section 10950.

If for some other reason you believe the county incorrectly determined your share of cost, you may request a state hearing within 90 days of the effective date of the action. You may receive aid paid pending if you request a hearing within 10 days of the date of this Notice of Action.

SUGGESTED NOTICE OF ACTION WORDING

Your share of cost has been changed to \$ _____ per month, beginning _____ because a recent change in state law has decreased the amount of your income that you get to keep each month for your personal needs. This means more of your income must be used to pay for your medical care.

STATE OF CALIFORNIA — HEALTH AND WELFARE AGENCY
HARE OF COST DETERMINATION — MN AND MI PERSONS

DEPARTMENT OF HEALTH SERVICES

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|---|-----|----------------------------|------|-----------|-----------------|--|-----|---|--|
| SE NAME | | | | | | COUNTY DISTRICT | | COUNTY USE | |
| <input type="checkbox"/> LOCATION <input type="checkbox"/> REDETERMINATION <input type="checkbox"/> CHANGE <input type="checkbox"/> RETROACTIVE ELIG. <input type="checkbox"/> CORRECTION | | | | | | EFFECTIVE ELIGIBILITY DATE FOR THIS BUDGET | | | |
| MO. | | | | | | YR. | | | |
| State Number | | Name — First, Middle, Last | | | | Birthdate | | Sex | |
| Co. | Aid | 7 Digit Serial No. | MFBU | Pers. No. | | Mo. | Day | Yr. | |
| | | | | | Mrs. LTC ABD-MN | | | | |
| | | | | | | (1) | | (1) Social Security No. and | |
| | | | | | | (2) | | (2) Health Insurance Claim No. or Railroad Retirement No. | |
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| I. INCOME OF MFBU MEMBERS APPLYING AS AGED, BLIND, OR DISABLED PLUS INCOME OF SPOUSE OR PARENT (EXCEPT PA OR OTHER PA) | | | II. INCOME OF MFBU MEMBERS OR PERSONS RESPONSIBLE FOR THE MFBU NOT LISTED ON I (EXCEPT PA OR OTHER PA) | | | III. SHARE OF COST COMPUTATION | | |
| I. NONEXEMPT UNEARNED INCOME | | | A. NONEXEMPT UNEARNED INCOME | | | 1. Countable income from I 18 | | |
| a. ABD - MN | | | b. Spouse or parent | | | 280 | | |
| Social Security | | | 300 | | | 2. Countable income from II 14 | | |
| Net Income from Property | | | | | | 3. Combined countable income (add 1 and 2) | | |
| Total (add 1 through 4) | | | | | | ALLOCATIONS AND DEDUCTIONS | | |
| Deductions | | | | | | 4. Inc. allocated from LTC person to family members at home (176W, Part IV) | | |
| Remainder (5 minus 6) | | | | | | 5. Total countable income (add 3 and 4) | | |
| Combined unearned inc. (add 7a and 7b) | | | 300 | | | 280 | | |
| Any income deduction | | | - \$20 | | | 6. Allocation from LTC income (176W, Part IV) | | |
| B. Countable unearned income (8 minus 9) | | | 280 | | | 7. Allocation to stepparent unit (176W, Part V) | | |
| I. NONEXEMPT EARNED INCOME | | | B. NONEXEMPT EARNED INCOME | | | 8. Allocation to excluded family members (176W, Part I) | | |
| 1. Gross Earned Income | | | a. | | | 9. Special deduction (176W, Part II) | | |
| 2. Deductions | | | b. 1/2 Remainder | | | 10. Income to determine PA eligibility | | |
| 3. Remainder (11 minus 12) | | | | | | 11. Health insurance | | |
| 4. Combined earned inc. (add 13a and 13b) | | | | | | 12. Child support | | |
| 5. SES earned inc. deduction plus \$_____ unused \$20 | | | | | | 13. Total allocations/deductions (add 6 through 12) | | |
| 6. Remainder (14 minus 15) | | | | | | 14. Total net nonexempt income (5 minus 13) | | |
| 7. Countable earned inc. (divide 16 by 2) | | | | | | 15. Total net nonexempt income rounded | | |
| 8. Total countable inc. (add 10 and 17) | | | 280 | | | 280 | | |
| IV. EARNED INCOME | | | | | | 16. Maintenance need | | |
| | | | | | | a. MFBU members not in LTC No. | | |
| | | | | | | b. MFBU members in LTC | | |
| | | | | | | • Personal needs | | |
| | | | | | | • Upkeep of home | | |
| | | | | | | • Needs of disabled dependents | | |
| | | | | | | c. Total maintenance need (25a + 18b) | | |
| | | | | | | 25 | | |
| | | | | | | 17. Share of cost (15 minus 16) | | |
| | | | | | | 25.5 | | |
| | | | | | | 18. Underpayment adjustment | | |
| | | | | | | 35 | | |
| | | | | | | 19. Adjusted share of cost (17 minus 18) | | |
| | | | | | | 200 | | |

ELIGIBILITY WORKER SIGNATURE _____ WORKER NUMBER _____ DATE OF COMPUTATION _____ COUNTY USE _____

200 + 20 = 220 INCOME

NC 176 M (4-78) 800M DUP 17W 037

STATE OF COST DETERMINATION — MN AND MI PERSONS

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|--|-----|--------------------|----------|-----------|----------------------------|---|-------------|------------|---|--|----------------|
| | | | | | | County District | | County Use | | | |
| | | | | | | Effective Eligibility Date for this Budget Mo. Yr. | | | | | |
| <input type="checkbox"/> New Application <input type="checkbox"/> Redetermination <input type="checkbox"/> Change <input type="checkbox"/> Retroactive Elig. <input type="checkbox"/> Correction | | | | | | | | | | | |
| State Number | | | | | Birthdate | | Sex | | (1) Social Security No. and (2) Health Insurance Claim No. or Railroad Retirement No. | | Other Coverage |
| No. | Aid | 7 Digit Serial No. | MFBU No. | Part. No. | Name — First, Middle, Last | | Mo. Day Yr. | | | | |
| | | | | | Mr. LTC ABD-MN | | | | | | (1) |
| | | | | | Mrs. ABD-MN | | | | | | (2) |
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| I. Income of MFBU members applying as aged, blind, or disabled plus income of spouse or parent (except PA or other PA) | | | II. Income of MFBU members not listed in I. (except PA or other PA) | | | III. Share of cost computation | | |
| NONEXEMPT UNEARNED INCOME | | | A. NONEXEMPT UNEARNED INCOME | | | 1. Countable income from I 18 | | |
| a. ABD-MN | | b. Spouse or Parent | 1. Social Security | | | 2. Countable income from II 16 | | 780 |
| Social Security | | 800 | 2. Net income from Property | | | 3. Combined countable income (add 1 and 2) | | 780 |
| Net income from Property | | | 3. Other—itemize | | | ALLOCATIONS AND DEDUCTIONS | | |
| | | | 4. | | | 4. Inc. allocated from LTC/B&C person to family members at home (176W, Part IV) | | |
| 5. Total (add 1 thru 4) | | | 5. Total unearned income (add 1 through 4) | | | 5. Total countable income (add 3 and 4) | | 780 |
| 6. Deductions | | | 6. Deductions | | | 6. Allocation from LTC/B&C income (176W, Part IV) | | |
| 7. Remainder (5 minus 6) | | a. b. | 7. Countable unearned inc. (5 minus 6) | | | 7. Allocation to excluded children (176W, Part I) | | |
| 8. Combined unearned inc. (add 7a and 7b) | | 800 | 8. Deductions | | | 8. Special deduction (176W, Part II) | | 48.50 |
| 9. Any income deduction | | -820 | B. NONEXEMPT EARNED INCOME | | | 9. Income to determine PA Eligibility | | |
| 10. Countable unearned income (8 minus 9) | | 780 | 9. Gross earned income | | | 10. Health Insurance | | |
| I. NONEXEMPT EARNED INCOME | | | 9. If CG in last 4 months a. enter 820 | | | 11. Total allocations/deductions (add 6 through 10) | | |
| 11. Gross Earned Income | | 0 | b. 1/3 Remainder | | | 12. Total net nonexempt income (5 minus 11) | | |
| 12. Deductions | | | 10. Mand. deduct. | | | 13. Total net nonexempt income rounded | | |
| 13. Remainder (11 minus 12) | | a. b. | 11. W/R expenses | | | 14. Maintenance need | | |
| 14. Combined earned inc. (add 13a and 13b) | | | 12. Total earned income deductions (add 9, 10, 11) | | | a. MFBU members not in LTC No. 1 | | |
| 15. 865 earned inc. deduction plus 8 unused 820 | | | 13. Countable earned income (5 minus 12) | | | b. MFBU members in LTC | | |
| 16. Remainder (14 minus 15) | | | 14. Subtotal countable income (add 7 and 13) | | | • Personal needs | | |
| 17. Countable earned inc. (divide 16 by 2) | | 0 | 15. Child Support/Alimony | | | • Upkeep of home | | |
| 18. Total countable inc. (add 10 and 17) | | 780 | 16. Total countable income (14 minus 15) | | | • Needs of disabled dependents | | |
| IV. EXEMPT INCOME | | | | | | c. Total maintenance need (14a + 14b) | | |
| | | | | | | 15. Share of cost (13 minus 14) | | |
| | | | | | | 16. Underpayment adjustment | | |
| | | | | | | Income deductions +20 | | |
| | | | | | | 17. Adjusted Share of Cost (15 minus 16) | | |
| | | | | | | 368 | | |

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|------------------------------|--|---------------|------------------|------------|
| Eligibility Worker Signature | | Worker Number | Computation Date | County Use |
| | | | | |